



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Legislative Fiscal Analyst
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DATE: July 12, 2000
TO: HJR 35 Study Subcommittee
FROM: Lois Steinbeck
RE: Meeting July 25

The HJR 35 study subcommittee will meet July 25. Materials for that meeting are enclosed including:

- A meeting agenda;
- Minutes from the June 7 meeting;
- An updated Issues/Options document;
- A draft of the bill to address Medicaid managed care statute changes;
- A draft of the bill to address community commitment process;
- A report prepared by staff on the supplemental appropriation requested by Department of Public Health and Human Services (DPHHS) to cover \$4 million in general fund cost over runs in mental health services, including DPHHS plan to reduce biennial expenditures in compliance with section 17-7-301, MCA; and
- Several reference articles.

The estimate to increase Mental Health Services Plan (MHSP) financial eligibility is still being finalized. It will be mailed or faxed to you prior to the meeting if time permits.

Business/Action Items

The subcommittee will need to take several actions at the July meeting. Opportunities for public comment on the bill drafts and MHSP financial eligibility have been provided so that subcommittee members can consider those comments as well.

Final meeting - The subcommittee will need to set a date for a final meeting. Subcommittee recommendations need to be forwarded to the Legislative Finance Committee at its October 2 and 3 meeting. September has been suggested for the final meeting, but no specific date has been set.

Managed care bill draft – The subcommittee needs to review the enclosed bill draft that makes several changes to Medicaid managed care statutes and provide direction to staff.

Community commitment bill draft – The subcommittee needs to review the bill draft regarding community commitments and provide direction to staff.

MHSP financial eligibility – The subcommittee needs to review information regarding MHSP financial eligibility and provide direction to staff. Recently DPHHS requested a \$4 million general fund supplemental to cover cost over runs in fiscal 2000. Legislative staff prepared a short analysis of the request, which is included in this mailing for your reference. Table 1 in the document shows proposed service reductions and estimated savings for each reduction. Appendix 1 shows each element of the plan with a short description of the item. The cost to increase MHSP financial eligibility above 150 percent of the federal poverty level will be raised by about \$4.1 million due to the planned service reductions including reducing financial eligibility to 120 percent of poverty and suspend new eligibility for MHSP through fiscal 2001.

Issues/Options – The subcommittee needs to review the Issues/Options document and provide direction to staff on any other changes it may wish to consider.

Other Meeting Items

The subcommittee will hear several reports. The first item of business is an update on assessment of penalties for delay in completion of the new state hospital.

The committee will hear several standing agenda items including: an update on the MSH population; the budget status report for the Addictive and Mental Disorders Division and a department summary; and a report from the Mental Health Ombudsman. The subcommittee will also hear reports from DPHHS requested at the June 7 meeting including: an update on the mental health claims paid, denied, and estimated total cost for May and June 1999; DPHHS plan to cover the fiscal 2000 shortfall; the total value of start up costs for PACT programs that have been funded by Medicaid and expected ongoing operational costs for PACT programs; DPHHS response to potential general fund cost savings issues identified in the staff report "Funding Flexibility for Mental Health Services"; the Mental Health Oversight Advisory Council recommendations made since the last HJR 35 meeting on June 7 and DPHHS final response to recommendations made prior to and after the June 7 HJR 35 meeting; and PACT updates.

Staff will review other information requested by subcommittee members including diagnostic related group (DRG) reimbursement for inpatient mental health services.

Information Requested at June 7 Meeting

The subcommittee requested at its last meeting that DPHHS provide several items for review prior to the July 25 meeting. Staff has received information requested on payments for mental health services by DRG (diagnostic related group). DPHHS staff indicated that other requested information is not available to be included with this mailout, but that DPHHS will send the information directly to subcommittee members. The information is:

- The June population of the Montana State Hospital (MSH);
- A budget status report for the Addictive and Mental Disorders Division and a department summary for fiscal 2000;
- The total value of start up costs for PACT programs that have been funded by Medicaid and expected ongoing operational costs for PACT programs;
- DPHHS response to potential general fund cost savings issues identified in the staff report "Funding Flexibility for Mental Health Services";
- DPHHS estimate of Mental Health Access Plan claims paid, denied, and total estimated liability for May and June 1999. Has DPHHS exceeded the fiscal 1999 accrual established for these claims? If so, how much and how will it be covered?;
- Oversight Advisory Council recommendations made since the last HJR 35 meeting on June 7 and DPHHS final response to recommendations made prior to and after the June 7 HJR 35 meeting; and
- PACT updates.

Please call me at 444-5391 or e-mail me at lsteinbeck@mt.gov if you have questions or need additional information.

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